



April 18, 2011

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge St., Suite 2700.  
Toronto, ON M4P 1E4

To: Board Secretary, Kirsten Walli,

**Re: EB-2008-0346-Demand Side Management (DSM) Guidelines for Natural Gas Utilities – Stakeholder Comments**

Sustainable Buildings Canada (SBC) is pleased to have the opportunity to respond to the Board Letter dated March 29, 2011. SBC is a non-profit organization with a mandate to promote, advocate and support improved environmental performance in Canada's buildings sectors. A critical component of this effort is focused on reducing energy use. In that mandate, SBC has worked closely with Ontario's natural gas utilities in the delivery of a variety of DSM initiatives. We have direct experience with the DSM programs, the utility staff responsible for their operation and the customers who benefit from the existence of those programs. As such, we are in a very strong position to provide commentary and guidance as the Board considers the future of DSM in the province of Ontario. The following discussion reflects that position and we look forward to providing further commentary as required.

The Board's letter indicates that ratepayer funded natural gas DSM activities will not be expanded beyond the current levels. It may be true that DSM activities distort markets or give advantage to certain participants, however SBC submits that this pales in comparison to the benefits of well-orchestrated market transformational strategies such as those undertaken by the natural gas utilities in Ontario. Regarding the unfair advantage, the incentive amounts for any given project are typically a relatively small component of the full cost and the programs are available and easily accessible to all customers. Indeed, the natural gas utilities work hard to ensure that equal participation in the programs from all sectors does occur.

The Board letter suggests that because certain efficient residential technologies have reached a level of saturation in the market, then the need for DSM is no longer present. SBC strongly disagrees with this view and we have evidence that supports that contention. In the residential sector, new technologies, alternative housing designs, renewable and district energy and the integration of smart homes represent significant energy savings potential. These technologies and opportunities can be deployed in the market at an amplified rate through the use of strategic DSM programming that the gas utilities are well suited to deliver. There is still much that can be accomplished in the residential sector with respect to natural gas savings.

In the commercial sector, savings potential in the existing commercial building stock can be as much as 30%. For new buildings, the potential is even greater. Much of this savings potential goes unrealized as the complexity of the commercial building sectors often precludes investment in energy efficiency – in spite of the obvious benefits. This has also been part of our

experience and is at the core of our mandate – encouraging building owners and managers to undertake those investments in energy efficiency. Again, the natural gas utilities are in a strong position to address this energy efficiency gap through their programming activities.

Further, SBC does not support the notion that rate impacts caused by DSM will harm the marketplace. The focus of the Board's direction to the gas utilities should be aimed at helping customers to lower their energy bills by participating in DSM programs. The energy savings and resulting bill impacts far outweigh rate increases. The Board indicates that one of its primary concerns is the protection of ratepayers from price increases. SBC contends that the most cost effective way to protect ratepayers is to ensure they use as little energy as possible. This will protect these ratepayers against the volatility of the energy markets and make their businesses more cost effective. It may also mitigate the need for expensive new infrastructure investments – both for natural gas and for electricity.

Ontario's natural gas utilities have been important allies in our energy efficiency messaging and given their unique role in the market, their direct customer contacts and 15 years of DSM operational excellence, we believe that that role should be expanded, not maintained or contracted. In this way, the natural gas utilities can bring greater focus to the existing programs, deliver new programs that include the latest technologies and expand their offerings to support the marketplace for energy efficient technologies and services.

Finally, SBC also works closely with many purveyors of energy efficient products and services. These organizations create wealth and employ Ontarians. They are critical participants in both the green and the knowledge economies and represent the future of the province – a vision of the future that is also shared by the government. Many of these organizations have benefitted from the various DSM programs by marrying their offerings to elements of the programs. This not only drives the green agenda in the province, it also creates a knowledge base unique to Ontario.

In summary, SBC thanks the Board for the opportunity to comment on this important issue and encourages the Board to consider funding the natural gas DSM activities at levels commensurate with the need in the marketplace – where there is still much to be done to make Ontario's buildings sectors truly energy efficient.

Sincerely,

*<Original Signed by Lenard Hart>*

Lenard Hart  
Chair